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B.P. Marsh & Partners PLC
25 March 2024

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B.P. Marsh & Partners Plc
("B.P. Marsh", "the Company" or "the Group")

Completion of Sale of Paladin Holdings Limited,
parent company of CBC UK Limited

Dividend Declaration

Further to the announcement on 7 December 2023, B.P. Marsh and Partners Plc (AIM:BPM), the specialist private equity investor in early stage financial services businesses, is pleased to confirm that the sale of its entire shareholding in Paladin Holdings Limited ("Paladin"), the holding company of CBC UK Limited ("CBC"), has now completed.

Highlights:

- £42.1m (net of transaction costs) initial cash consideration received from the disposal of the Group's 43.8% holding in Paladin
- Internal rate of return to B.P. Marsh of 44% *(inclusive of all income and fees)* based on initial consideration
- Repayment to the Group of £5.9m outstanding loans to Paladin
- £11.5m uplift (38%) from £30.53m valuation as at 31 July 2023
- Potential for £17.8m further consideration if Paladin achieves defined hurdles
- Net equity investment of £3.5k

Additional information

As well as the initial consideration on completion and prior to calculation of the deferred consideration, the Company will also be entitled to receive its proportion of any net working capital adjustment, expected to be finalised within three months of completion.

The Company has also entered into a two year £6m loan facility with Alchemy Underwriting Limited, an entity that was owned 22.5% by Paladin, in order to assist its management team with a Management Buy Out as part of the overall transaction.

Jon Newman, the Company's Finance Director and Nominee Director on the Boards of Paladin and CBC, has resigned from his Director roles at Paladin and CBC.

The investment, development and subsequent sale of the Group's holding in Paladin demonstrates B.P. Marsh's established strategy of partnering with entrepreneurial management teams to assist their growth prior to reaching a management-led exit in a time frame that suits all parties.

Jon Newman commented: "This completed disposal is a further illustration of the success of the B.P. Marsh investment model that depends on our tried and tested experience and judgement as well as our strategy of wholly aligning our interests with those of management over the long term."

"B.P. Marsh wishes the whole team at CBC all the very best for the next chapter in their growth and development in partnership with Specialist Risk Group."

Use of Proceeds

Further to the announcement on 23 January 2024, now that completion has taken place, the Company can hereby confirm its intention to increase the annual dividend allocation from £2m to a total of £4m in each year for the next three years, with payments commencing in the financial year beginning 1 February 2024, equating to distributions of up to £12m in total over the period to 31 January 2027.

In regard to the current Financial Year which began on 1 February 2024, the Board can now declare that an interim dividend of 2.68p per share, or £1m in the aggregate, will be paid on 3 May 2024. All shareholders on the Register as at 5 April 2024 will receive their pro-rata share of this distribution.

This will be in addition to the £1m dividend already paid on 18 March 2024.

A further £2m dividend distribution will be declared as payable in August 2024, subject to Shareholder Approval. Altogether these will equate to a total dividend distribution of £4m to shareholders in the current Financial Year, ending on 31 January 2025.

For further information:

B.P. Marsh & Partners Plc	www.bpmarsh.co.uk
Brian Marsh OBE	+44 (0)20 7233 3112

Nominated Adviser & Broker

Nominated Adviser & Broker
Panmure Gordon
Atholl Tweedie / Amrit Mahbubani / Ailsa MacMaster +44 (0)20 7886 2500

Financial PR & Investor Relations

Tavistock **bpmarsh@tavistock.co.uk**
Simon Hudson / Tim Pearson / Katie Hopkins +44 (0)20 7920 3150

Notes to Editors:
B.P. Marsh's current portfolio contains fourteen companies. More detailed descriptions of the portfolio can be found at www.bpmarsh.co.uk.

Since formation over 30 years ago, the Company has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the directors have worked with each other in previous roles, and all have worked with each other for over ten years.

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